

## BEFORE THE NEBRASKA PUBLIC SERVICE COMMISSION

In the Matter of the Nebraska Public Service Commission, on its own motion, seeking to establish guidelines for the purpose of certifying the use of federal universal service support. )  
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Application No. NUSF-25

Progression Order No. 17

In the Matter of the Nebraska Public Service Commission, on its own motion, seeking to establish guidelines for the purpose of certifying the use of federal universal service support. )  
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Application No. NUSF-66

### COMMENTS OF THE RURAL INDEPENDENT COMPANIES

The Rural Independent Companies (the "Companies")<sup>1</sup> hereby submit comments in the above-referenced docket. The Companies appreciate the opportunity to submit comments on this matter in response to the Nebraska Public Service Commission's (the "Commission") order entered February 6, 2007 (the "Order").

In its Order, the Commission seeks comment on a proposed process to certify that eligible telecommunications carriers ("ETCs") are using high-cost support from both state and federal sources for the purposes for which the support is intended. The process proposed by the Commission would require ETCs to submit additional information beyond that currently being reported. Specifically, the Commission is recommending that incumbent local exchange carriers ("ILECs") that are ETCs and/or Nebraska ETCs ("NETCs") must file by July 1 of each year historical investment data for the past year, including any expenses for the maintenance and

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<sup>1</sup> Companies submitting these collective comments include: Arlington Telephone Company, The Blair Telephone Company, Cambridge Telephone Company, Clarks Telecommunications Co., Consolidated Telco, Inc., Consolidated Telecom, Inc., Consolidated Telephone Company, Eastern Nebraska Telephone Company, Great Plains Communications, Inc., Hartington Telecommunications Co., Inc., Hershey Cooperative Telephone Company, Inc., K&M Telephone Company, Inc., The Nebraska Central Telephone Company, Northeast Nebraska Telephone Co., Rock County Telephone Company, Stanton Telephone Co., Inc. and Three River Telco.

upgrading of any facilities or services by exchange or by in-town versus out-of-town where available.<sup>2</sup> The Commission also recommends that ILECs file an investment schedule including any expenses for the maintenance and upgrading of any facilities or services for the prospective year, at the same level of detail as the historical data, where available.<sup>3</sup>

The Companies submit that the Commission should balance its need for information to verify that federal and state universal service support is being used appropriately against the burden that reporting of inordinately detailed information would create. As discussed following, in some instances the Companies do not currently record and maintain information at the level of detail that the Commission has suggested should be reported. This is likely true for other ILECs as well. Therefore, the Companies recommend that the Commission should modify its proposed reporting process in order to allow ILECs to report data that they currently compile, instead of creating new and additional categories of information that ILECs would need to collect. Inordinate data collection and reporting diverts resources that could be used more beneficially to provide services to consumers.

The Commission has previously established a rule that requires all ETCs to file a five-year plan to describe proposed improvements or upgrades to their networks.<sup>4</sup> In addition to the initial filing of a five-year plan, ETCs are also required to file an annual progress report on their five-year plans, explaining how universal service support was used, including any investments that were made during the preceeding year.<sup>5</sup> The Companies are able to report capital expenditures for actual construction for the most recent historical year by exchange through the

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<sup>2</sup> See Order at ¶ 4.

<sup>3</sup> Ibid.

<sup>4</sup> See Title 291, Chapter 5, Telecommunications Rules and Regulations, Section 009.02A6.

<sup>5</sup> See Title 291, Chapter 5, Telecommunications Rules and Regulations, Section 009.04A1.

use of information developed for the five-year plan and annual update, and recommend that the Commission should use the five-year plan information instead of requiring new information. For example, none of the Companies track investment by in-town versus out-of-town, as there are currently no regulatory requirements to maintain data at this level of detail. Furthermore, given the construction of a telecommunications network, assigning investments to in-town and out-of-town areas would require allocations. For example, cable routes start at the central office, which is usually located in-town, and many of these routes continue into out-of-town areas. Therefore, in order to assign cable investment to in-town and out-of-town areas, a method to allocate cable costs would need to be determined. An allocation methodology based upon either subscribers served or route miles would require costly data compilation. The Companies submit that allocation of investment data into in-town and out-of-town areas is not necessary for the Commission to determine whether support is being used for the intended purpose.

The Companies currently report expenses for the maintenance and upgrading of any facilities or services for the most current historical year in the Form M report filed annually with the Commission. Such information is reported on a total company basis. Therefore, the Companies recommend that the Commission should utilize Form M information at the total company level for the reporting of expenses for the maintenance and upgrading of any facilities or services for the most current historical year, instead of requiring reporting by exchange or by in-town and out-of-town areas. While investment records are maintained at an exchange level, expenses are not assigned to an exchange. Therefore, the reporting of expenses at the exchange level would require some type of allocation mechanism similar to an allocation mechanism to develop reporting by in-town and out-of-town areas as discussed above. The Companies submit

that allocation of expense data into exchanges or in-town and out-of-town areas is not necessary for the Commission to determine whether support is being used for the intended purpose.

With regard to reporting investment and expense data for a prospective year, as indicated previously, ETCs are required to file a five-year plan to describe proposed improvements or upgrades to their networks.<sup>6</sup> The Companies submit that filing of investment information that is contained in the five-year plan, which is to be presented by exchange, should fulfill the Commission's recommendation that an investment schedule should be filed for a prospective year. While the Companies file historical expense information through the Form M report, there are currently no requirements for ETCs to report forecasted expense. Since prospective expense information is not required to be reported, the development of prospective expense information would impose an additional burden and cost upon ETCs and NETCs. Furthermore, the Companies believe that the filing of historical investment and expense information, which indicates how universal service *has* been used, is the best measure of whether a carrier will use universal service support for the intended purposes. It is unlikely that a carrier would submit information that would indicate that it was not planning to use high-cost support for the intended purpose in the prospective year. Therefore, the Companies believe that the additional burden of developing and filing an expense forecast for a prospective year for the sole purpose of fulfilling a requirement to report whether high-cost universal service support is being used for the intended purpose is of little or no value.

The Companies submit that wireless ETCs should be required to submit investment data at a similar, but not necessarily identical, level of detail. For example, if ILECs submit investment data at the exchange level, wireless ETCs should be required to submit investment

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<sup>6</sup> See Title 291, Chapter 5, Telecommunications Rules and Regulations, Section 009.02A6.

data at either the exchange level or by city and county as suggested by the Commission.

Wireless ETCs should not be allowed to report investment data at the total company or study area level if ILECs are required to report at a more detailed level. Allowing different types of carriers to report at substantially different levels of detail would frustrate the purpose of uniformly determining whether carriers are using high-cost support for the intended purpose.

Further recommendations to ensure that wireless carriers, which are not currently required to file a Form M report with the Commission, are reporting substantially the same data as ILECs, are contained in the Companies' comments in Application NUSF-25 filed on December 6, 2005.<sup>7</sup>

Finally, the Companies believe that the reporting requirements discussed above should only apply to ETCs and NETCs that receive high-cost universal service from federal and/or state sources, and that ETCs and NETCs that receive only support for Lifeline and/or NTAP should be exempt from the proposed reporting requirements. As the Commission indicated in the Order, the Commission is seeking information "with which to provide verification to the FCC that federal *high-cost support* will be used for its intended purpose and to certify for Commission purposes that state *high-cost support* will be used for its intended purposes."<sup>8</sup>

The Companies commend the Commission for its examination of the issue of the proper use of federal and state high-cost universal service support. The Companies believe the recommendations made in these comments, requesting that the Commission use Form M information and the current five-year plan filing to fulfill reporting requirements, will allow the Commission to determine whether federal and state high-cost universal service support is being

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<sup>7</sup> See *The Commission, on its own Motion, Seeking to Establish Guidelines for the Purpose of Certifying the Use of Federal Universal Service Support*, Application No. NUSF-25, Progression Order No. 14, Comments of the Rural Independent Companies (filed Dec. 6, 2005) at pp. 2-6.

<sup>8</sup> Order at ¶ 3 (emphasis added).

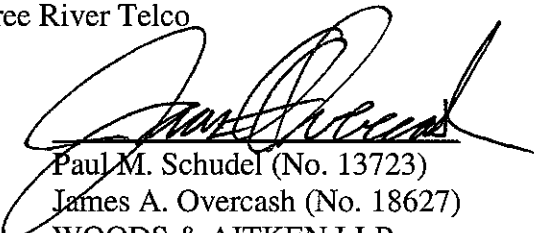
used for the intended purposes, without unduly burdening the recipients of such support with unnecessary reporting requirements.

DATED: March 20, 2007.

THE RURAL INDEPENDENT COMPANIES

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The Blair Telephone Company,  
Clarks Telecommunications Co.,  
Consolidated Telephone Company,  
Consolidated Telco, Inc.,  
Consolidated Telcom, Inc.,  
Eastern Nebraska Telephone Company,  
Great Plains Communications, Inc.,  
Hartington Telecommunications Co., Inc.,  
Hershey Cooperative Telephone Co.,  
K. & M. Telephone Company, Inc.,  
The Nebraska Central Telephone Company,  
Northeast Nebraska Telephone Company,  
Rock County Telephone Company,  
Stanton Telecom Inc., and  
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